

FISCAL NOTE

Bill #: SB 518

Title: Allow annual or biennial registration of boats, snowmobiles, motorcycles

Primary Sponsor: Elliott, J

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$18,393	\$0
State Special Revenue	\$0	\$0
Revenue:		
General Fund	(\$700,000)	(\$1,105,000)
State Special Revenue	\$0	\$0
Net Impact on General Fund Balance:	(\$718,393)	(\$1,105,000)

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. HB 518 allows the owner of a motorcycle, off-road vehicle, snowmobile, travel trailer, or watercraft the option of registering the vehicle annually. Under current law, the aforementioned vehicles must permanently register and pay one-time fees. The proposal decreases the fees that are paid by owners who annually register; the fees are generally adjusted to be one-quarter to one-fifth of the fee paid under current law permanent registration.
2. The proposal also adjusts the general fund transfer amounts to agencies (that are based on vehicle counts), again lowering the amount that is transferred to agencies for each vehicle that opts to annually register under the provisions of the bill. However, because the transfers are made on a prior year vehicle count, agencies would not see any (reduced) fiscal impacts until FY 2008. (See Long Range Impacts)

Revenue

3. The proposal is effective January 1, 2006, or midway through FY 2006. FY 2006 impacts under the bill are calculated at 50 percent (50%) of a full years impact.

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4. Under current law, it is projected that there will be approximately 51,000 motorcycle, off-road vehicle, snowmobile, travel trailer, or watercraft registering in calendar year 2006. This indicates that there are expected to be 51,000 newly purchased, or ownership transfers occurring under current law.
5. *It is unknown how many owners will opt to annually*, or permanently register their motorcycle, off-road vehicle, snowmobile, travel trailer, or watercraft. How the registration is administered (or presented) could impact the number of owners who opt to annually, or permanently register. For instance if a person must opt to annually register, instead of permanently register, and the program is not well publicized or known about, then participation could be limited.
6. Although *undeterminable*, for purposes of this fiscal note, it is assumed 50% of motorcycle, off-road vehicle, snowmobile, travel trailer, or watercraft will register annually under the bill. (See technical note #1)
7. In the first full calendar year, if 50% of motorcycles, off-road vehicles, snowmobiles, travel trailers, or watercrafts registered annually, the fees identified by the proposal would *reduce* general fund revenue by approximately \$1.4 million each year.
8. However, since these annual registrations would continue into the future, in each succeeding calendar year, revenues would *increase* approximately \$280,000. These amounts are compounded each year, as the absolute number of motorcycles, off-road vehicles, snowmobiles, travel trailers, or watercrafts registering increases each year with annual registrations.
9. Additionally, because the bill does not adjust all of the fees that are currently paid by permanently registered vehicles for those that would annually register; there would be an *increase* in fees paid of approximately \$15,000 each succeeding year. These amounts are compounded each year, as the absolute number of motorcycles, off-road vehicles, snowmobiles, travel trailers, or watercrafts registering increases each year with annual registrations. (See technical note #2)
10. The proposal is anticipated to reduce general fund revenue by \$700,000 ($-\$1,400,000 \times 50\%$ for a half year) in FY 2006.
11. In FY 2007, the proposal is estimated to *decrease* general fund revenue by \$1,105,000 ($-\$1,400,000 + \$280,000 + \$15,000$).

Administrative Costs

Department of Justice

12. Programming expenditures in FY 2006 are estimate to be \$15,340 for 160 hours of programming, testing, and implementation, plus \$3,053 for computer processing time for a total of \$18,393.

FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$18,393	\$0
<u>Funding of Expenditures:</u>		
General Fund (01)	\$18,393	\$0
<u>Revenue</u>		
General Fund (01)	(\$700,000)	(\$1,105,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$718,393)	(\$1,105,000)

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LONG RANGE IMPACTS:

SB 518 also adjusts the general fund transfer amounts to agencies (that are based on vehicle counts), lowering the amount that is transferred to agencies for each vehicle that opts to annually register under the provisions of the bill. However, because the transfers are made on a prior year vehicle count, agencies would not see any (reduced) fiscal impacts until FY 2008. FY 2008 transfers are calculated on calendar year 2006 vehicle counts, or the first year that the bill is in effect. In FY 2008 it is estimated that the noxious weed account special revenue account would be reduced by \$25,000, and transfers to Fish, Wildlife and Parks would be reduced by \$167,500. In FY 2009 and beyond, the reductions to agencies would diminish as the absolute number of motorcycles, off-road vehicles, snowmobiles, travel trailers, or watercrafts registering increases each year with annual registrations. Other transfers to agencies would increase as vehicle counts per year increased.

Per assumptions #8 and #9, although the registration amounts are lower, as the absolute number of annual registrations increases the amount of revenue to the state general fund also increases. Using the same assumptions as in the fiscal impacts section, as a result of this proposal general fund revenue will be reduced each year until FY 2012 ($(-\$1,400,000 + (\$280,000 \wedge 5 \text{ years}) + (\$15,000 \wedge 5 \text{ years}) = \$75,000)$). In FY 2012 and beyond, the general fund will receive additional revenue under the proposal.

TECHNICAL NOTES:

1. Per assumptions #5 and #6, it is unknown how many owners would opt to annually register their motorcycle, off-road vehicle, snowmobile, travel trailer, or watercraft. For purposes of this analysis, 50% was used as an estimate; however, depending on how widely known the annual registration provision is; revenue impacts would significantly differ from those in this fiscal note. The proposal should provide direction to how the optional registration is administered.
2. The proposal does not adjust all of the fees that are currently paid by permanently registered vehicles for those that would annually register. For instance, motorcycles that annually register would pay the same \$2.00 fee under 23-2-817, MCA, each year that would only be paid one-time if permanently registered.
3. Many of the registration fees are one-time fees, because annually registered vehicles would also only have to pay them one-time, it would make administration of these fees more difficult. An example of this is the two RV registration fees under 61-3-321(1)(l) and (k), MCA, of \$9.75 and \$11.75; both are one-time fees that would not be paid annually by travel trailer owners who opt to annually register.
4. SB 285 is a proposal that would also significantly amend motor vehicle statute, including fee statutes to simplify and clarify motor vehicle laws. This bill and SB 285 would have conflicting statutes because under SB 285 universal fee amounts for motorcycle, off-road vehicle, snowmobile, travel trailer, or watercrafts are combined. SB 518 by allowing the optional annual registration of these vehicles alters these fees so that they are no longer universal. Additionally, SB 285 changes the transfers to agencies from being based on prior year vehicle counts, to be based on a percentage of current general fund revenues. Significant modifications to SB 285 would be necessary to coordinate with SB 518 if both were passed.
5. HB 87, HB 671, and SB 318 also significantly change motor vehicle statutes. If SB 518 and or HB 87, HB 671, or SB 318 pass, coordination language would be necessary.